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November 9, 2004

Hon. Paul G. Afonso, Chairman  
Department of Telecommunications and Energy  
Commonwealth of Massachusetts  
One South Station  
Boston, MA 02110

**RE: Inquiry Into Compliance and Conformation With Certain Laws and Regulations**

Dear Mr. Chairman:

On October 12, 2004, Bay State Gas Company ("Bay State" or "Company") received a letter from the Department of Telecommunications and Energy ("Department") requesting information related to meter replacements, valve boxes, excess flow valves and leak classification. Bay State's responses to each question are provided below, while any relevant attachments are referenced and enclosed.

Bay State's responses to each question are organized into four sections: (1) Meter Replacements; (2) Valve Boxes; (3) Excess Flow Valves; and, (4) Leak Classification.

**1. METER REPLACEMENT**

**Department Question 1 (a): How many customer meters does your Company have in service?**

Bay State Response 1 (a): As of October 2004, Bay State had 287,944 meters in service.

**Department Question 1 (b): Of those, how many meters have been in service for more than seven years without removal and testing, as required by G.L. c. 164, § 115A?**

Bay State Response 1 (b): On November 21, 2000, Bay State informed the Department by letter of its seven-year plan to convert the existing telephone-based automated meter reading system ("Metscan") to a radio-based system ("Itron ERT") beginning in 2001. As a result of this conversion plan, Bay State requested that the Department, pursuant to G.L. c. 164, § 115A, waive any forfeitures that might otherwise be assessed against the Company for operating meters in excess of the statutory seven-year requirement. On December 7, 2000, the Department issued a Letter Order that granted the Company's request for waiver, allowing Bay State to operate meters in excess of the seven-year statutory requirement between January 1, 2001 and December 31, 2007, provided that the Company continue to replace

1/7 of its meters each year and that no meter remain in service for longer than 14 years during the conversion period. Please see **Attachment A** for a copy of the Department's Letter Order issued on December 7, 2000. Accordingly, Bay State has a waiver from the Department from the 7-year requirement of G.L. c. 164, § 115A.

However, in examining its database, Bay State has identified 47 meters that currently exceed the 14-year in-service limit granted by the Department's waiver. These 47 meters represent approximately 1/10 of 1% of Bay State's annual meter exchange requirement. These meters have not been replaced because Bay State has been unable to obtain access to the premises where the meters are located, in spite of repeated attempts to schedule customer appointments. Bay State will continue to take every reasonable step to remove these meters from the field, while continuing to change 1/7th of its installed meter base each calendar year. Bay State may also pursue an additional waiver with the Department in order to bring it in full compliance with the Department's policy.

**Department Question 1 (c): How many employees are currently assigned to meter replacement work?**

Bay State Response 1 (c): On an annual basis, 18-20 full-time equivalent employees replace meters in Bay State's service territory. The number of Bay State employees that are engaged in meter exchange activities fluctuates during the course of the year.

## **2. VALVE BOXES**

**Department Question 2 (a): Since January 1, 2003, please list by town, the number of valve boxes that were raised by the company as required by G.L. c. 164, § 116B.**

Bay State Response 2 (a): Between January 1, 2003 and September 30, 2004, the Company raised 1,112 valve boxes as required by G.L. c. 164 § 116B. Please see **Attachment B** for a list of the number of replaced valve boxes by town.

**Department Question 2 (b): Since January 1, 2003, please list, by city and town, those repairs made to public ways and the number of valve boxes that the company was required to raise to comply with G.L. c. 164, § 116B. How many valve boxes did the company actually raise in response to notification, pursuant to G.L. c. 164, § 116B? If applicable, please explain any difference between the number of valve boxes actually**

**raised and the number of valve boxes that should have been raised, pursuant to G.L. c. 164, §116B.**

**Bay State Response 2 (b):** All 1,112 valve boxes identified in **Attachment B** were done in compliance with G.L. c. 164, §116B. Specifically, upon receiving proper notification by the municipalities that planned work was going to take place to each of the affected public ways, the Company responded by making the necessary repairs. However, Bay State is unable to provide the Department with any comparison of the number of valve boxes actually raised versus the number that *should have* been raised. Bay State does not maintain a database that would record each instance of active municipal road work in any of the public ways located in its service territory, and therefore cannot determine if, in each instance, the municipality properly notified Bay State of the pending road repair that would have required or permitted the raising of valve boxes. However, to increase the likelihood that Bay State will be notified on a timely basis of applicable road repair in the public way, Bay State sends a letter each year to each of the cities and towns in its service territory to offer a reminder that all plans to restore streets, roadways, and sidewalks should be shared with the Company so efficient road and system maintenance and upgrades, including but not limited to the raising of valve boxes, can be made at a minimum of cost. Please see **Attachment C** for a template of Bay State's annual letter.

**Department Question 2 (c): Please describe how the company determines whether its valve boxes are "more easily and immediately accessible," as stated in G.L. c. 164, § 116B.**

**Bay State Response 2 (c):** Quite simply, it is Bay State's view that once Bay State has raised valves to comply with G.L. c. 164, § 116B, the valve is protected from being paved over and is, therefore, "more easily and immediately accessible" than if the valve had not been raised and instead was sealed under the paved roadway surface.

### **3. EXCESS FLOW VALVES (EFV)**

**Department Question 3 (a): How many EFVs does the Company currently have installed?**

**Bay State Response 3 (a):** Bay State has 100,249 EFVs installed.

**Department Question 3 (b): Please provide information on whether the EFVs failed to operate properly (e.g., how many have failed to close).**

Bay State Response 3 (b): There is no indication that any of Bay State's EFVs have failed to close under design conditions.

**Department Question 3 (c): What year did the Company begin installing EFVs?**

Bay State Response 3 (c): Bay State began installing EFVs in 1975.

#### 4. LEAK CLASSIFICATION

**Department Question 4 (a): Please provide information on how the Company grades gas leaks and identify the severity of the leak for each grade or class.**

Bay State Response 4 (a): Bay State grades gas leaks and identifies the severity of the leak for each grade or class in accordance its Operating & Maintenance Procedure 14.05. Please see Attachment D.

**Department Question 4 (b): Please provide a list of gas leaks that the Company has experienced from January 1, 2003 through May 31, 2004. Please list this information by month, grade or class, the length of time that the Company took to repair the leak.**

Bay State Response 4 (b): Please see Attachment E for a summary of reported gas leaks by class that Bay State has experienced from January 1, 2003 through May 31, 2004. Attachment F provides a detailed view of the requested information by month, class, and the number of days that were required to make safe or repair the leak.<sup>1</sup>

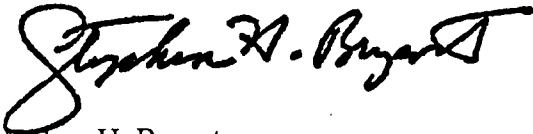
**Department Question 4 (c): How many gas leaks in each grade or class that were detected/reported prior to January 1, 2003 remain unrepaired? Please provide the reason as to why the Company has not made those repairs.**

<sup>1</sup> The Company notes that its work order management system is not programmed to be able to reset the date from when a leak was originally identified as a Class III leak to the date a leak was subsequently identified as a Class II leak. Therefore, a number of the Class II leaks identified as "Open" in Attachment F have been Class II leaks for less time than appears in the Column entitled "Date Reported."

Bay State Response 4 (c): There are no Class 1 or Class 2 leaks detected prior to January 1, 2003 that remain unrepaired. 2,026 Class 3 leaks have been identified and subject to the Company's active monitoring program.

Please contact me directly at (508) 836-7267 should you have any questions regarding these responses to the Department's request for information.

Respectfully submitted,



Stephen H. Bryant  
President

cc: Hon. James Connelly, Commissioner  
Hon. W. Robert Keating, Commissioner  
Hon. Deirdre K. Manning, Commissioner  
Hon. Eugene J. Sullivan, Jr., Commissioner  
Mary L. Cottrell, Secretary  
George Yiankos, Director Gas Division  
Christopher Bourne, Acting Director, Pipeline Safety Division  
Elizabeth Cellucci, Legal Division